

Message Text

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SUBJECT: WILL THE HAMBURGER COME TO MOSCOW?

REF: MOSCOW 5972

1. JOHN I. HUHS, COUNSEL IN LAW OFFICES OF SAMUEL PISAR, WHICH ARE REPRESENTING MCDONALD'S (CANADA) IN LATTER'S EFFORTS TO DEVELOP BUSINESS IN USSR, TOLD COMATT IN STRICTEST CONFIDENCE APRIL 14 THAT LEADER IN HAMBURGER INDUSTRY MAY OPEN "PILOT RESTAURANT" IN MOSCOW DURING 1978. ACCORDING TO HUHS, PRESIDENT OF MCDONALD'S (CANADA) COHON, WAS IN MOSCOW DURING WEEK OF APRIL 10-14 FOR SERIOUS DISCUSSIONS WITH MOSCOW CITY COUNCIL (MOSSOVIET), MINISTRY OF FOREIGN TRADE, OLYMPIC ORGANIZING COMMITTEE AND OTHER SOVIET AGENCIES. COHON REPORTEDLY WAS TOLD BY SOVIETS -- PRINCIPALLY BY DEPMIN SUSHKOV AT MFT--THAT FIRM WOULD SOON RECEIVE PERMISSION "IN PRINCIPLE" TO OPEN A MCDONALD'S STAND IN MOSCOW.

2. HUHS SAID THAT POSITIVE SOVIET STANCE HAD SURPRISED
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PAGE 02 MOSCOW 08080 191115Z

MCDONALD'S HIGH COMMAND WHO HAD EXPECTED STIFF RESISTANCE TO THEIR PROPOSAL. (HUHS HIMSELF SAID HE HAD CONTINUALLY COUNSELED MCDONALD'S AGAINST MAKING A SERIOUS PITCH TO SOVIETS BECAUSE HE HAD BEEN CONVINCED LATTER WOULD NEVER CONSENT TO IMPORTATION OF ALL THE MAKINGS FOR HAMBURGERS. HE HAD BEEN WRONG, HAPPILY.) MCDONALD'S DELEGATION WAS TOLD THAT SOVIETS HAD BEEN IN CONTACT WITH

"PIZZA HUT" FRANCHISE FROM U.S.(SEE REFTTEL) AND "WIENER-WALD" FRANCHISE FROM WEST GERMANY. SUSHKOV WAS TO HAVE EXPLAINED TO COHON, HOWEVER, THAT HAMBURGERS HAD BEEN

JUDGED BY SOVIETS TO BE "MORE NOURISHING" THAN PIZZA. THUS, IMPLICATION WAS DRAWN BY MCDONALD'S THAT THEY HAD A GOOD CHANCE TO FULFILL THEIR DESIRE TO OPEN A RESTAURANT IN MOSCOW. INCIDENTALLY, MCDONALD'S HAD INSPECTED A SOVIET GROUND MEAT PLANT AND A BAKERY WHERE BUNS WERE MADE AND CAME AWAY TOTALLY UNIMPRESSED. THEY THUS HAVE INSISTED ON IMPORTING ALL RAW MATERIALS.

3. HUHS CHARACTERIZED MCDONALD'S CHAIRMAN, RAY KROC WAS A "STERN ANTI-COMMUNIST" WHOSE RESERVATIONS ABOUT THE MOSCOW VENTURE WERE ONLY OVERCOME WHEN MCDONALD'S U.S. PRESIDENT, TAYLOR, HAD CONVINCED COHON, A YOUNG MULTI-MILLIONAIRE, TO KEEP A LOW PROFILE -- AND, PERHAPS, "TO MAKE A LITTLE MONEY, BUT NO BIG DEAL."

4. IF PLAN GOES THROUGH, HUHS SAID SOVIETS HAD IN MIND A LOCATION FOR PILOT RESTAURANT ON GROUND FLOOR OF BUILDING LOCATED ON SADOVOYE-KOL'TSO OPPOSITE MINISTRY OF RAILROADS. WHEN ASKED ABOUT DECOR OF PROPOSED NEW HAMBURGER STAND, HUHS SAID THAT SOVIETS LIMITED OFFICIAL USE

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PAGE 03 MOSCOW 08080 191115Z

HAD AGREED (ALSO IN PRINCIPLE) TO ALLOW MCDONALD'S TO ERECT A MODEST SIGN IN FRONT OF NEW ESTABLISHMENT AND, PRESUMABLY, WOULD ALLOW INTERIOR RENOVATION ALONG STANDARD MCDONALD'S LINES. PRIMARY EMPHASIS, HOWEVER, WOULD BE ON INSTALLATION OF MCDONALD'S UNIQUE KITCHEN EQUIPMENT AND SYSTEM FOR EFFICIENT FAST FOOD SERVICE. CAPACITY OF NEW RESTAURANT, ACCORDING TO HUHS, WOULD BE "ONLY" 10,000 MEALS PER DAY, VICE THE 7,000 MEALS PER HOUR RATING OF SOME OF MCDONALD'S LARGER STANDS IN U.S. -- AND OF ITS STAND AT 1976 OLYMPIC GAMES IN MONTREAL.

5. COMMENT: IT WAS EVIDENT FROM CONVERSATION THAT BOTH HUHS AND HIS CLIENT, MCDONALD'S (CANADA), WERE TAKEN ABACK BY EASE WITH WHICH THEY HAD SUCCEEDED IN OBTAINING SOVIET AGREEMENT IN PRINCIPLE TO INTRODUCE HAMBURGERS IN MOSCOW. ENORMITY OF WHAT THEY ARE AGREEING TO MAY ONLY HIT SOVIETS AFTER LINES OF PEOPLE WAITING TO GET INTO LENIN'S TOMB ON RED SQUARE PALE IN COMPARISON TO THOSE QUEUING UP FOR A "BIG MAC" AND A BAG OF FRIES ON THE SADOVOYE-KOL'TSO.

6. ON THE OTHER HAND, IN ALL THIS, HOWEVER, THERE IS STILL

THE HUMAN ELEMENT IN THE HAMBURGER BUSINESS. DESPITE ALL
THE EQUIPMENT AND THE IMPRESSIVE MODELS OF SUCCESS
ELSEWHERE, IF SOVIET SERVICE PERSONNEL ARE TO BE EMPLOYED
AND IF THEY BRING THEIR NORMAL ATTITUDES TOWARDS WORK,
"FAST FOOD" MAY HAVE TO MAKE HASTE SLOWLY IN MOSCOW.
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